I. Hakan Yetkiner
http://www.hakanyetkiner.com/

Izmir University of Economics
Department of Economics

ECON 300
Advanced Macroeconomics **9 January 2014**
Prof. Yetkiner

Final Exam

1. (**20 Points**) Suppose that economic agents (firms **and** households) in Turkey infected with *pessimism* because the FED (USA) announced that it would gradually decrease its open market purchases. ***Firms have higher (credit market) uncertainty/risk*** and ***households have lower consumer confidence*** in the *current period* in Turkey. Determine how does this affect current macroeconomic variables in a ***Monetary Intertemporal Model***? Show. Do not forget to **illustrate** and **discuss** equilibrium effects and **verify** how this fits the stylized facts of the business cycle.

Hint: Note that the reaction of both firms and households should be considered

2. (**20 Points**) Suppose that there is a ***permanent productivity decrease*** in Turkey. Evaluate the macroeconomic implications of this shock in the ***Monetary Intertemporal Model***. Show. Do not forget to **illustrate** and **discuss** equilibrium effects and **verify** how this fits the stylized facts of the business cycle.

3. (**20 Points**) How does ***an increase in current government purchases***, anticipated to be temporary, affect current macroeconomic variables in a ***Monetary Intertemporal Model***? Show. Do not forget to **illustrate** and **discuss** equilibrium effects and **verify** how this fits the stylized facts of the business cycle.

4. (**20 Points**) How does an ***unexpected increase in the money supply*** affect macroeconomic variables in a ***Segmented Markets Model***? Show. Do not forget to **illustrate** and **discuss** equilibrium effects and **verify** how this fits the stylized facts of the business cycle.

5. (**20 Points**) How does an ***increase in the demand for investment goods*** affect macroeconomic variables in a ***New Keynesian Model***. Show. Do not forget to **illustrate** and **discuss** equilibrium effects and **verify** how this fits the stylized facts of the business cycle.